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FISCAL IMPACT STATEMENT

LS 7235

BILL NUMBER: HB 1397

NOTE PREPARED: Jan 4, 2005

BILL AMENDED:

SUBJECT: Fee for public safety protection.

FIRST AUTHOR: Rep. Stutzman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes a county, township, or other municipal corporation providing public safety protection to property held and managed by the Department of Natural Resources (DNR) to charge the DNR a fee.

Effective Date: July 1, 2005.

Explanation of State Expenditures: Officers of a municipal corporation may charge the DNR reasonable fees for the local provision of public safety protection to DNR property that is located within the municipal corporation. The fees must be paid annually before December 15 by the Treasurer of State on warrant of the Auditor of State after the municipal corporation submits an itemized bill to the DNR. The proposal does not specify a dedicated fund, so payment would be made from the General Fund and would be subject to an appropriation. The impact of this proposal is indeterminable and will depend on local actions and state appropriations.

If local units elect to use revenue for a particular year to reduce property taxes, the state's expense for property tax replacement credits (PTRC) would be reduced. PTRC is paid from the Property Tax Replacement Fund which is annually supplemented by the state General Fund. The specific impact would depend on local action.

Explanation of State Revenues:

Explanation of Local Expenditures: The fiscal body of a municipal corporation may adopt an ordinance or a resolution to establish reasonable fees for providing public safety protection to property that is held and

managed by the DNR and located within the corporate boundaries of the municipal corporation. Before the ordinance or resolution is finally adopted, the fiscal body of the municipal corporation must hold a public hearing concerning the proposed fees. Notice of the hearing setting forth the proposed fee schedule must be published. After the hearing, the fiscal body of the municipal corporation may adopt the ordinance or resolution establishing the fees, either as originally introduced or as modified. The above provisions will increase administrative expenses for qualifying municipal corporations; however, the units affected should be able to absorb any additional expenses given their current budgets.

Explanation of Local Revenues: Fees may consist of a flat charge, a constant charge per square foot multiplied by the square footage of all improvements located on each lot and parcel of real property, and a constant charge per square acre multiplied by the acreage of each parcel of unimproved real property.

Fees must be deposited in the municipal corporation's general fund. Fee revenue may not be used to reduce the municipal corporation's maximum levy, but may be used to reduce the property tax levy of the municipal corporation for a particular year. Fees may also be used for any legal or corporate purpose of the municipal corporation, including the pledge of money to bonds, leases, or other obligations. Fees are considered miscellaneous revenue.

The amount of revenue that will be generated by the proposal is indeterminable and will depend on local action taken by qualifying municipal corporations.

State Agencies Affected: DNR, Treasurer of State, and the Auditor of State.

Local Agencies Affected: Municipal corporations providing public safety protection to DNR property.

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.